

Message Text

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ORIGIN FBO-05

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

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E.O. 11652: N/A

TAGS: ADS, DECLAS FEBRUARY 21, 1976

SUBJ: PROJECT EOBBA, PROPERTY NO. 05102, CONTRACT NO.
3102-212008

REF: AMENDMENT NO. III TO SUBJECT CONTRACT

FOR HEDBERG AND MORI FROM FBO

1. CONTRACT NO. 1030-521258 SIGNED WITH PRICE WATERHOUSE
AND COMPANY FEBRUARY 18, 1975 FOR AUDIT PROVIDED FOR IN
REFERENCED AMENDMENT. COPY BEING POUCHED EMBASSY FOR
HEDBERG. PER TELEPHONIC REQUEST OF JOHN CONDAYAN A/FBO IN
BRASILIA TEXT OF PURPOSE AND SCOPE OF SERVICES IN CONTRACT
ESSENTIALLY AS FOLLOWS:

PHASE I

PURPOSE OF PHASE I IS TO ACHIEVE TWO BASIC OBJECTIVES. THESE
RELATE TO IDENTIFICATION OF PROBABLE CAUSES OF COST OVERRUNS
AND IDENTIFICATION OF FACTORS AFFECTING APPROPRIATENESS OF
ESCALATOR INDICES APPLIED TO CONSTRUCTION CONTRACT. IN
ADDITION TO TWO OBJECTIVES, AUDITOR WILL ASSIST GOVERNMENT
IN MAKING ARRANGEMENTS WITH SITRA AS TO FORM, CONTENT AND
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EXTENT OF COST SUBMISSIONS SITRA WILL PREPARE IN SUPPORT OF ITS COST OVERRUNS. UNDERLYING PURPOSE OF PHASE I IS TO IDENTIFY FACTORS WHICH SHOULD BE PURSUED WITH AUDIT AND OTHER CONSULTING WORK IN PHASE II.

AUDITOR SHALL PERFORM FOLLOWING SERVICES AS OUTLINED BELOW:

1. REVIEW COST STATEMENTS SUBMITTED BY SITRA IN SUPPORT OF ITS COST OVERRUN.
2. HOLD DISCUSSIONS APPROXIMATELY BI-WEEKLY WITH CONTRACTING OFFICER AND/OR STAFF AND COUNSELORS AT OFFICES IN ROSSLYN, VIRGINIA OR WASHINGTON, D.C. AND PERIODICALLY WITH SITRA PERSONNEL IN BUENOS AIRES, ARGENTINA.
3. REVIEW SITRA'S RECORDS, ACCOUNTING SYSTEMS AND PROCEDURES.
4. IDENTIFY METHODS BY WHICH COST OVERRUN CAUSES AND ANY OTHER FACTORS THAT WARRANT GOVERNMENT'S CONSIDERATION COULD BE EVALUATED AND IDENTIFY PROFESSIONAL TALENTS NECESSARY TO PERFORM SUCH EVALUATION.
5. STUDY AND EVALUATE VARIOUS INDICES USED IN CONTRACT AND APPROPRIATENESS OF THEIR COMPONENT FACTORS IN RELATION TO CONSTRUCTION PROJECT.
6. EVALUATE REASONABLENESS OF ANY OTHER INDICES IN RELATION TO CONTRACT OR ANY REASONABLE VARIATIONS OF VARIOUS INDICES ALREADY APPLIED.
7. IDENTIFY COST OVERRUN CAUSES THAT WARRANT FURTHER EVALUATION IN TERMS OF RELATED EFFECTS OF ESCALATOR INDICES.
8. UPON COMPLETION OF WORK OUTLINED ABOVE, AUDITOR WILL PREPARE WRITTEN REPORT SUMMARIZING WORK PERFORMED, PRINCIPAL CONSIDERATIONS AND CONDITIONS AFFECTING COSTS AND RESULTS OF AUDITORS LIMITED EVALUATION OF THE INDICES. REPORT IS TO BE DELIVERED, IF PRACTICABLE, BY MARCH 21, 1975, BUT IN ANY EVENT BY APPROXIMATELY THREE WEEKS AFTER LIMITED OFFICIAL USE

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SITRA SUBMITS ITS COST OVERRUN DATA IN FORM CONSIDERED ADEQUATE BY CONTRACTING OFFICER. REPORT WILL BE PRECEDED BY PRELIMINARY VERBAL REPORTS AND BI-WEEKLY MEETINGS WITH CONTRACTING OFFICER AND/OR HIS STAFF AND COUNSELORS TO KEEP THEM APPRISED OF AUDITOR'S PROGRESS.

GOVERNMENT SHALL HAVE OPTION OF REQUIRING SERVICES UNDER PHASE II AND NO SERVICES UNDER PHASE II SHALL BE UNDERTAKEN

BY AUDITOR WITHOUT WRITTEN AUTHORIZATION BY CONTRACTING OFFICER.

2. BASED ON BURMAN CONVERSATION WITH MORI ON FEBRUARY 13, 1975 RE COST ESTIMATING/QUANTITY SURVEYING SERVICES AS SPECIFIED BY BURMAN TO BE PERFORMED BY ARCHITECT DAL MONTE, CONNECTION AUDIT OF SITRA DISTINCT FROM PRICE WATERHOUSE SERVICES, FOR EQUIVALENT DOLS. 500 PER WEEK, EMBASSY AUTHORIZED CONTRACT WITH DAL MONTE ON AS NEEDED UNDERSTANDING WITH ADDED PROVISION FOR PERIODICAL SERVICES LESS THAN ONE WEEK AT DOLS. 100 PER DAY. BURMAN SUGGESTS AND DEPARTMENT CONCURS EMBASSY REQUIRE DAL MONTE SERVICES ONE WEEK BEGINNING WITH START OF PRICE WATERHOUSE SERVICES, PERIODICALLY THEREAFTER UNTIL FINAL WEEK OF PRICE WATERHOUSE SERVICES UNDER PHASE I WHEN DAL MONTE WILL BE REQUIRED TO RENDER SERVICES CONCURRENTLY WITH SUCH FINAL WEEK'S SERVICES OF PRICE WATERHOUSE; HOWEVER CONTRACT TO PROVIDE THAT SERVICES (AS SPECIFIED BY CONTRACT) BE PERFORMED ONLY FOR PERIODS AUTHORIZED BY POST CONTRACTING OFFICER IN WRITING. CONTRACT, BEFORE AWARD, TO RECEIVE APPROVAL OF VICTOR RUSSILLO AS TO TERMS PROVIDED TERMS DO NOT CONFLICT WITH BURMAN INSTRUCTIONS TO MORI. ALLOTMENT DOCUMENT FOLLOWS CODE 212 FOR DOLS. 2,000. KEEP SERVICES AUTHORIZED WITHIN THIS AMOUNT. KISSINGER

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